

CIA/OER/S-07513-75 FOREIGN WORKERS

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APR 75
01 OF 01

5-07513

CIA/DER/5-07513-75

25 April 1975

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MEMORANDUM FOR:

Office of Current Intelligence

SUBJECT : Foreign Workers

Attached are the introductory and concluding paragraphs that we agreed to draft for the proposed joint OER/OCI paper on foreign workers at our meeting with [redacted] on 9 April.

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Attachment:
As stated

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PROSPECTS FOR FOREIGN WORKERS IN WESTERN EUROPE

The industrialized countries of Northern Europe have achieved an unprecedented level of economic prosperity during the post-war period, while experiencing a growing shortage of domestic labor. Workers from the less prosperous South European countries filled the gap, flocking to the manpower-short Northern countries in search of employment and higher wages. Their presence supported growth in North European factories while the earnings that they sent home boosted personal incomes and provided much-needed funds for investment in Southern Europe.

The increasing reliance of the Northern countries on imported labor is evidenced by the sharp rise in the foreign component of their total labor forces. For example, in West Germany and Austria, foreign workers accounted for less than 1% of the work force in 1960, but by 1974 their share had risen to 11% and 7%, respectively. Switzerland has relied heavily on foreign labor throughout the post-war period, with migrant workers accounting for nearly 18% of the labor force in 1974.

Although the ready supply of foreign workers has contributed much to Western Europe's economic prosperity over the last several decades, their presence has not always been a welcome one. The Swiss government has been under increasing pressure in recent years from various segments of its populace to reduce the influx of foreigners. The Swiss have expressed fears of "Überfremdung" (alien inundation) and complained that the high concentration of foreigners is changing the very character of their country. Citizens of other labor-importing countries have expressed similar concerns. Resentment against foreigners has become particularly acute in times of economic recession when the demand for labor eases and unemployment among domestic workers climbs.

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The return of migrant workers and the accompanying drop in workers' remittances come at a particularly difficult time for the countries of Southern Europe. The oil crisis, domestic political uncertainties, and widespread recession abroad combined to prevent normal economic growth throughout the region last year, particularly in the final quarter. Faltering output, growing unemployment, rising prices, and dwindling foreign reserves are problems common to each of the Southern countries. The economic outlook for 1975 is even bleaker. None of the countries except Turkey is likely to expand GNP by more than 3%; Italy faces a small decline in output. Unemployment will worsen in 1975, with average jobless rates expected to range from 4% to 10%.

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ADD THE FOLLOWING PARAGRAPH

The United Nations has predicted a doubling of Western Europe's foreign work force over the next decade. Even under the assumption that economic growth rates will be below the trend of the postwar period, the UN forecast appears realistic given present demographic and labor force trends in the Northern countries. For example, West Germany's domestic labor force and population have been declining for several years. But the Federal Labor Office estimates that 1,400,000 more jobs will be available in 1990 than existed in 1972. A continued influx of foreign workers will be required to satisfy Germany's labor demand. Domestic work forces are also declining or stagnating in other major labor importing countries, indicating a future tightening of labor market conditions and an increasing demand for supplementary foreign labor.